

**Remarks**

Claims 1, 5-10, 12, 16-21, 23, 25, 27, 29, 31-34, 36, 37 and 53-74 are pending. Claims 23, 27, 34, 36, 37 and 54-74 are canceled herein without prejudice. Claims 1, 5-10, 12, 16-21, 25, 29, 31-33, and 53 are allowed. New claims 75-98 are added herein. Support for these amendments and new claims can be found in the original claim language and throughout the specification, as set forth below. It is believed that these amendments and new claims add no new matter. In light of these amendments, new claims, and the following remarks, applicants respectfully request reconsideration of this application, entry of these amendments and new claims, and allowance of the claims to issue.

Applicants acknowledge the withdrawal of numerous previous objections and rejections. Applicants also wish to thank Examiner Jiang for her insights and suggestions during a telephonic interview on August 24, 2005.

**35 U.S.C. § 102**

A. Claims 23, 27, 34, 36 and 37 remain rejected and new claims 54-74 are rejected under 35 U.S.C. § 102(b) as allegedly being anticipated by Eng (U.S. Patent No. 5,424,286) “for the reasons set forth in the previous Office Actions, paper No. 10 and 15, and the ones mailed on 1/13/04 and 9/27/04.”

In order to expedite issuance of the allowed claims and without agreeing that the allegations of anticipation are correct, applicants herein cancel without prejudice claims 23, 27, 34, 36, 37 and 54-74, thereby rendering moot the rejection of these claims on the basis of anticipation. Therefore, applicants respectfully request withdrawal of this rejection.

B. Claim 23 remains rejected and new claims 57, 63 and 69 are rejected under 35 U.S.C. § 102(b) as allegedly being anticipated by Dupre (WO 95/31214) “for the reasons set forth in the previous Office Actions.”

In order to expedite issuance of the allowed claims and without agreeing that the allegations of anticipation are correct, applicants herein cancel without prejudice claims 23, 57, 63 and 69, thereby rendering moot the rejection of these claims on the basis of anticipation. Therefore, applicants respectfully request withdrawal of this rejection.

New claims 75-98

New claims 75-98 are added herein. Each new claim depends from, and thus incorporates all the limitations of, an allowed claim. Moreover, each added new claim does not extend beyond the scope of the allowed claim from which it depends. No issue of new matter is raised. Therefore, applicants believe that new claims 75-98 are patentable.

Support for the new claims can be found in the original claim language and in the specification as set forth below. Support for the claims regarding the period of contact can be found in the specification on page 20, lines 21-28. Support for the claims regarding the percent of cells differentiating can be found in the specification on page 15, lines 22-28. Support for the claims regarding the substance used can be found in each allowed independent claim from which the new claim depends and in the specification on page 15, line 16 to page 18, line 2. Support for the claims regarding the types of non-insulin-producing cells can be found in the specification on page 14, line 23 to page 15, line 8.

In summary, applicants believe that this amendment places the application in condition for allowance. Claims that have been finally rejected are canceled herein. New claims have been added, and the number of new claims added herein (24) is fewer than the number of finally-rejected claims that are canceled herein (26).

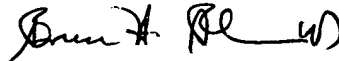
Pursuant to the above amendments and remarks, reconsideration and allowance of the pending claims are believed to be warranted, and such action is respectfully requested. The Examiner is invited and encouraged to directly contact the undersigned if such contact may enhance the efficient prosecution of this application to issuance.

No payment is believed due; however, the Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment to Deposit Account No.

14-0629.

Respectfully submitted,

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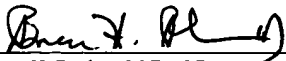
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Bruce H. Becker, M.D., J.D.

9/14/05

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